



# San Diego City Attorney **MICHAEL J. AGUIRRE**

## **NEWS RELEASE**

**FOR IMMEDIATE RELEASE: July 18, 2006**

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### **CITY ATTORNEY WARNS AUDIT FIRMS OF BREACH OF CONTRACT PROVISIONS RELATED TO RELEASE OF INVESTIGATIVE REPORT**

**San Diego, CA:** City Attorney Michael Aguirre sent a letter to the law firm Willkie Farr & Gallagher, LLP, and risk management firm Kroll Inc., acting as the city's Audit Committee, reminding them of contract provisions that do not allow release of their findings to any, "media outlet, editorial board, private business, or community and business organizations prior to the release of their investigative report at a public hearing of the San Diego City Council." According to Kroll, the report is now expected to be completed in August.

Allegations that the Audit Committee violated its agreement with the City first surfaced when Bob Kittle, editor of the San Diego Union-Tribune's editorial pages, appeared on KPBS' Editor's Roundtable on July 14, and made a number of comments that suggested Kroll or Willkie Farr & Gallagher had provided information from the report to the newspaper.

One of the statements Mr. Kittle made on the television program was, "Let me explain what is really happening with this report. The draft, and it's over 300-pages, has gone to KPMG for its review. The reason for that is, if it doesn't satisfy KPMG that all of the investigation is thorough, then it's useless. But a draft will be given, it has not yet been given, to the SEC for its review before it's released as well."

The City Attorney's letter, dated July 18, 2006, also asked for a disclosure of "every piece of substantive information" that has been disclosed to Bob Kittle, editor of the San Diego Union-Tribune's editorial pages, and other media outlets.

In addition, the City Attorney wrote, "you are hereby advised that any conversation or disclosures of substantive information regarding the investigation of the City will be viewed as a breach of contract and other legal obligations owed to the City of San Diego."

Kroll Inc. is a risk management firm hired by the City of San Diego in February 2005 to analyze conflicting pension investigative reports by the law firm of Vinson & Elkins and the San Diego City Attorney. Since that time, Kroll has expanded its investigation without authority and has missed stated deadlines for completion of its work. Kroll's actions were formally criticized in the City Attorney's *Interim Report #8 on Kroll's Breach of Duties Owed to the City of San Diego* and strongly denounced by San Diego Mayor Jerry Sanders in a statement to the City Council on July 11, which characterized the actions of Kroll as "holding the city hostage."

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